

The Bank of Algeria.

The circulation of Algeria is furnished by the Bank of Algeria, which was given the exclusive privilege of note issue by the Act of August 4, 1851. The capital of the bank was originally 3,000,000 francs, but is now 25,000,000 francs. The notes are legal tender at public depositaries and by individuals. The cash reserve is not permitted to be less than one-third of the amount of the notes and current accounts. The capital of the bank is invested in French public securities and the director is appointed by the President of the Republic upon the nomination of the Minister of Finance. A limit of circulation, to the amount of 18,000,000 francs, was fixed by the law of August 12, 1870, which suspended specie payments for Algeria as well as for the Bank of France, but the maximum circulation was three times increased until it was fixed by the law of March 26, 1872, at 48,000,000 francs. The resumption of specie payments was followed by the law of April 3, 1880, which abolished a fixed limit and left the circulation to be governed by the law of 1851.¹

The absence of any mortgage banking institution in Algeria led the bank into the dangerous path of loans secured upon real estate, many of which had to be foreclosed in order to escape loss. Although the *Credit Foncier d'Algerie* was authorized late in 1880, the management of the older bank had already promised the government to lend its aid to the development of colonization and to this end adopted the policy of rediscounting the paper of the mutual societies of agricultural credit.⁹ This policy was in violation of the spirit of the statutes of the bank and led to gross abuses.³ Even when the error was discovered, in 1887, ^ could not be

¹ Courtois, 197.

⁹ Viguon, *La France en Algérie*, 266-67.

³ Garrot declared in 1892 that the agents of the bank made it their principal occupation ** to deal in lands and buildings, to buy and sell wine, grain> lumber, coal, cattle, swine, and other live stock,—everything in fact foreign to or at least outside the programme of an establishment of credit.⁰—La Banque de l'Algerie, 194.